



Our first care is your health care
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

Janet Napolitano, Governor
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February 29, 2008

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Center for Medicaid and State Operations
Center for Medicare and Medicaid Services
Mailstop: S2-01-06
7500 Security Blvd.
Baltimore, Maryland 21244-1850

Subject: AHCCCS Quarterly Report

Dear Mr. Rubio:

In accordance with Special Term and Condition paragraph 26, enclosed please find the Quarterly Progress Report for October 1, 2007 through December 31, 2007, which also includes the Quarterly Budget Neutrality Tracking Schedule, and the Quality Initiative.

If you have any questions about the enclosed report, please contact Theresa Gonzales at 602-417-4732.

Sincerely,

Monica Coury
Assistant Director
Office of Intergovernmental Relations

cc: Ron Reepen
Lynette Burke
Hee Young Ansell
June Milby

AHCCCS Quarterly Report October 1, 2007- Dec 31, 2007

Title

Arizona Health Care Cost Containment System- AHCCCS, A Statewide Approach to Cost Effective Health Care Financing

Section 1115 Quarterly Report

Demonstration Year: 26

Federal Fiscal Quarter: 1st Quarter /2008 (October 1, 2007- December 31, 2007)

Introduction:

As written in Special Term and Condition paragraph 26, the State submits the following quarterly progress reports to CMS. The purpose of the quarterly report is to inform CMS of significant demonstration activity from the time of approval through completion of the Demonstration.

Enrollment Information:

Population Groups (as hard coded in the CMS 64)	Current Enrollees (to date)	Voluntary Disenrolled in current Quarter	Involuntary Disenrolled in current Quarter
Acute AFDS/SOBRA	830,413	1,502	325,065
Acute SSI	132,056	90	17,684
Acute AC/MED	147,726	275	49,361
Family Planning	7,574	17	2,392
LTC DD	19,654	23	1,215
LTC EPD	26,596	45	2,937
Total	1,237,595	2,355	404,772

State Reported Enrollment in the Demonstration (as requested)	Current Enrollees
Title XIX funded State Plan	828,404
Title XXI funded State Plan	65,189
Title XIX funded Expansion	116,610
Title XXI funded Expansion	13,704
DSH Funded Expansion	
Other Expansion	
<i>Pharmacy Only</i>	
<i>Family Planning Only</i>	6,590
Enrollment Current as of	10/1/07

Outreach/Innovative Activities:

AHCCCS continues to develop its year-one plans for a statewide KidsCare outreach, enrollment, and retention campaign. This campaign is made possible due to State funding for Fiscal Year 2007-2008. The campaign will target families with eligible uninsured children and rely upon partnerships with trusted community messengers. Messages conveyed during the campaign will educate families about the importance of health coverage and about KidsCare as an affordable health care option.

The KidsCare Outreach campaign will strive to achieve the following goals:

- Increase the number of children with health care coverage;
- Develop an effective statewide outreach and enrollment assistance network led by community partners;
- Build capacity in Arizona's schools to connect children with available health care coverage.

During this reporting period, two requests for grant applications have been prepared and released for Community Outreach Partners and Enrollment Assistance Partners. Deadlines for those grants are in early and late December. The grants represent the largest portion of outreach funding and allow AHCCCS to contract with trusted messengers. Community Partnerships will focus in ten geographic areas with the highest potential to reach uninsured eligible children.

AHCCCS has also continued to redesign collateral program materials, website and the overall KidsCare image. The goal of the redesign is to present an innovative, creative approach while communicating with inviting and straightforward messages. The KidsCare Outreach Campaign is scheduled to begin in January 2008.

AHCCCS continues to present to community, non-profit groups, and local governments about Medicaid and SCHIP programs. We will also continue to educate them about any policy changes, as well as attend and participate in community events across the state.

Operational/Policy Developments/Issues:

Grants Update

AHCCCS was awarded the Medicaid Transformation Grant on January 25, 2007 to develop and implement a web-based health information exchange (HIE) utility to give all Medicaid providers instant access to patient's health records at the point of service. The Federal funds will support its planning, design, development, testing, implementation and evaluation.

AHCCCS has built the HIEHR Utility Project team to deliver the Health Information Exchange and Electronic Health Record system. The HIEHR Utility Project team has divided the development of the Utility into three phases. Each phase will build on the previous phase by incorporating more and varied sources of information and tools.

Phase 1, which will be operational in June 2008, is a federated HIE with a secure web based viewer, through which authorized AHCCCS registered health care providers will

be able to match patients, locate relevant information and view individual documents. In June, the exchange will include:

- Hospital discharge summaries from three major hospitals in the metro Phoenix area
- Statewide lab test results from the two commercial laboratory services providers companies in Arizona
- Medication history from a local pharmacy information exchange company
- Advance directives from the Arizona Advance Directive Registry, from the Arizona Secretary of State

This first phase, a proof of concept, will automate the time consuming, heavily manual processes currently being used by clinicians and their staff to obtain information via fax, phone, courier or mail. Phase 1 also affords the time and focus needed for our partners to develop agreements, policies, procedures and processes that are integral to the subsequent Phases and achievement of the AHCCCS Transformation Grants vision.

Phase 2, known as the "AHCCCS CCR System," will include the AHCCCS member data exchanged through the Phase 1 HIE, augmented by clinical and financial information. A "virtual medical home" will be created for each AHCCCS member, and accessed by authorized AHCCCS registered health care providers through a secure web based viewer. The viewer will support patient matching and a patient-centric display of the standard continuity of care record (CCR) elements. The tentative delivery date for Phase 2 is December 2008 or early 2009 timeframe.

Phase 3 features the population and use of the AHCCCS clinical data warehouse from which AHCCCS will perform analytics, track disease and syndrome trends, and facilitate population level studies to improve the adoption rate of best practices which improve the quality, safety and cost-effectiveness of care.

Legislative Update

The State Legislature was not in session during this quarter. Implementation of the programmatic changes that were enacted during the 2007 Legislative Session became effective October 1, 2008, including: the SOBRA coverage expansion from 133%-150% FPL; the expansion of hospice services to be offered to all non-ALTCS patients; and the provision of dental services (up to \$1000 per member/per year) for ALTCS patients.

Waiver Update

The internal team formed to analyze and implement the various requirements and updates under Arizona's Waiver continues to meet. On December 19, 2007, CMS sent AHCCCS updated waiver documents reflecting the 2007 Legislative changes mentioned above. A number of calls and e-mails were exchanged during this quarter whereby CMS indicated the changes were in final clearance. AHCCCS continues to wait for final approval.

Upon submitting contract amendments for the Elderly and Physically Disabled contract, effective 10/1/07, CMS Regional Office asked under what authority AHCCCS could provide "Community Reintegration Services." Such services include the cost of furnishing an apartment, the expense of security deposits, utility set-up fees, and other

reasonable costs to transition members into the community. As indicated in State Medicaid Director Letter #02-008 and in the HHS Report for the President's New Freedom Initiative, federal matching funds under HCBS waivers are available to states who pay the reasonable costs of such community transition services. Arizona also has broad authority under its current §1115 Waiver. Specifically, CNOM #9 allows Arizona to make expenditures associated with the provision of HCBS, and STC #36 only limits the amount of expenditures to not exceed the cost of providing care to the eligible individual in an institutional setting. During this quarter, Arizona requested to include the service in Table 4 of STC #36, which lists the other HCBS services. This service was included in the December 19, 2007 documents AHCCCS received from CMS.

Also during this quarter, AHCCCS submitted its formal documentation pursuant to STC #53, that the percentage of AHCCCS FFS beneficiary expenditures, as compared to total Medical Assistance expenditures, does not exceed 5% of Arizona's total Medical Assistance expenditures.

State Plan Update

During this quarter, AHCCCS submitted State Plan Amendment 07-010 regarding Arizona's methodology for determining the personal needs allowance for individuals who are institutionalized or receiving home and community-based services, and for determining the minimum resource deduction for community spouses.

AHCCCS is pleased to announce that Arizona's entire State Plan is now available on the AHCCCS website. Please note, as we continue to make changes via State Plan Amendments, the pages will be updated as they are approved by CMS in an effort to keep the State Plan current. The link can be found at:

<http://www.azahcccs.gov/Publications/PlansWaivers/default.asp>

Consumer Issues:

The Table below provides a summary of the types of complaints or problems by consumers for the reporting period October 1, 2007 - December 31, 2007. Please note, AHCCCS continues to expand its data collection, capturing more accurate data.

Complaint Issue	October	November	December	Total
ALTCS	25	18	13	56
Can't get coverage (eligibility issues)	148	128	115	391
Caregiver issues	0	0	0	0
Credentialing	0	0	0	0
DES	0	3	49	52
Equipment	0	0	4	4
Fraud	0	1	4	5
Good customer service	70	76	34	180

Information	174	191	239	604
Lack of documentation	0	0	0	0
Lack of providers	1	2	1	4
Malfunctioning equipment	0	0	0	0
Medicare	26	9	21	56
Medicare Part D	9	0	40	49
Member reimbursement	0	0	3	3
Misconduct	0	0	0	0
No notification	0	0	0	0
No payment	1	0	0	1
Nursing home POS	0	0	0	0
Optical coverage	1	0	0	1
Over income	0	0	0	0
Paying bills	367	309	332	1008
Policy	0	1	3	4
Poor customer service	0	1	2	3
Prescription	4	27	28	59
Prescription denial	0	0	10	10
Process	0	0	1	1
Surgical procedures	0	0	0	0
Termination of coverage	94	113	38	245

Quality Assurance/Monitoring Activity:

Attached is a description of AHCCCS' Quality Assurance/Monitoring Activities during the quarter. The attachment also includes updates on implementation of the AHCCCS Quality Assessment and Performance Improvement Strategy, in accordance with Balanced Budget Act (BBA) requirements.

Also attached to this you will find action plan updates regarding the Children's Rehabilitative Services Administration for this past quarter. Specific information regarding the status of CRSA quality issues and corrective actions is included in the attachment.

HIFA Issues:

Below is enrollment information for the quarter: October 1, 2007 – December 31, 2007.

HIFA Parents ever enrolled: 62,619

HIFA Parents enrolled at any time between 10/1/2007 and 12/31/2007: 16,187

HIFA Parent enrollment:

10/1/2007: 13,704

11/1/2007: 13,605

12/1/2007: 13,086

ESI Issues:

AHCCCS continues to wait for a response to its request for guidance submitted on September 26, 2007, regarding the structure of the ESI program in light of the current uncertainty of SCHIP Reauthorization pending before Congress. Specifically, AHCCCS is concerned with the requirement under STC 38(b) to implement and provide services through an approved ESI program by October 1, 2008 for Arizona's Health Insurance Flexibility and Accountability eligible population.

Family Planning Extension Program (FPEP):

The Department of Economic Security (DES) began sending renewal notices in July 2007 to FPEP members due for an upcoming annual review. The first reviews were completed in August and 284 FPEP members were discontinued effective September 1, 2007.

The 12-month renewal process continues to flow smoothly. Files due for annual review are sent to DES and notice is automatically sent to the member concerning the need to complete the renewal process. If the member completes the review, DES sends the results to AHCCCS on the daily file. DES sends data on members who do not respond to the request for review to AHCCCS on a monthly file and eligibility is discontinued for those members. AHCCCS continues to discontinue Family Planning when notified that a member has Third Party Liability. AHCCCS received six requests for fair hearings regarding discontinuance of Family Planning coverage during the quarter.

AHCCCS monitors utilization of family planning services by women who are covered under the demonstration and enrolled with acute-care health plans on a quarterly basis. Reports are based on a four-month claims lag; thus, the most recent data available are for the quarter ending Sept. 30, 2007. AHCCCS enrollment data show that 6,946 unduplicated recipients were enrolled with acute-care Contractors under the Family Planning Extension program during the quarter. Encounter data received through the end of January 2008 indicate that 912 women used a family planning service, for a utilization rate of 13.1 percent during the quarter. In addition, 2,130 women who still had postpartum eligibility as SOBRA pregnant women also received a family planning service during the quarter; many of these women will have continued eligibility for family planning services only under the demonstration.

Family Planning Enrollment:

10/07 6590

11/07 6395

12/07 6113

Enclosures/Attachments:

Attached you will find the following: the Budget Neutrality Tracking Schedule and the Quality Assurance/Monitoring Activities, including the CRS update for the quarter.

State Contact(s):

Theresa Gonzales
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Phoenix, AZ 85034
602-417-4732

Date Submitted to CMS:

February 29, 2008

Attachments:

Quarterly Budget Neutrality Tracking Schedule

Quarterly Quality Initiative



Quarterly Tracking
Dec'07 Qtr....



1st Qtr 2008
Quality attachmen...

**Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended December 31, 2007**

I. CALCULATION OF BUDGET NEUTRALITY LIMIT BY DEMONSTRATION YEAR (WITHOUT WAIVER CEILING FEDERAL SHARE)

WAIVER PERIOD APRIL 1, 2001 THROUGH SEPTEMBER 30, 2006:

Medicaid Enrollment Group	FFY 1999 PM/PM (Base Year)	Trend Rate	DY 01 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Federal Share Budget Neutrality Limit			
										Total	FFY 2001		
						QE 6/01	QE 9/01						
AFDC/SOBRA	\$208.71	1.09495	250.23	67.95%	170.02		1,174,018	1,308,865	2,482,883	\$	422,132,022	MAP Subtotal Add DSH Allotment Total BN Limit	
SSI	\$414.28	1.0688	473.25	67.31%	318.55		266,240	275,430	541,670		172,549,992		
										\$	594,682,014		
											75,946,612		
										\$	670,628,626		
			DY 01 PM/PM			Member Months				Federal Share Budget Neutrality Limit			
						QE 12/01	QE 3/02	QE 6/02	QE 9/02	Total	FFY 2002		
AFDC/SOBRA			273.98	67.95%	186.16	1,435,196	1,525,585	1,595,518	1,684,928	6,241,227	\$	1,161,866,714	MAP Subtotal Add DSH Allotment Total BN Limit
SSI			505.81	67.31%	340.47	284,725	291,397	297,915	304,553	1,178,590		401,272,463	
											\$	1,563,139,177	
												86,014,710	
											\$	1,649,153,887	
			DY 02 PM/PM			Member Months				Federal Share Budget Neutrality Limit			
						QE 12/02	QE 3/03	QE 6/03	QE 9/03	Total	FFY 2003		
AFDC/SOBRA			300.00	71.12%	213.36	1,774,552	1,844,492	1,939,425	2,028,542	7,587,011	\$	1,618,749,246	MAP Subtotal Add DSH Allotment Total BN Limit
SSI			540.60	70.58%	381.58	310,948	317,976	325,750	333,552	1,288,226		491,567,259	
											\$	2,110,316,505	
												82,215,000	
											\$	2,192,531,505	
			DY 03 PM/PM			Member Months				Federal Share Budget Neutrality Limit			
						QE 12/03	QE 3/04	QE 6/04	QE 9/04	Total	FFY 2004		
AFDC/SOBRA			328.48	71.43%	234.62	2,041,438	2,016,903	2,015,134	2,094,682	8,168,157	\$	1,916,453,331	MAP Subtotal Add DSH Allotment Total BN Limit
SSI			577.80	70.72%	408.60	343,747	347,603	354,577	361,456	1,407,383		575,056,624	
											\$	2,491,509,955	
												95,369,400	
											\$	2,586,879,355	
			DY 04 PM/PM			Member Months				Federal Share Budget Neutrality Limit			
						QE 12/04	QE 3/05	QE 6/05	QE 9/05	Total	FFY 2005		
AFDC/SOBRA			359.67	69.53%	250.06	2,199,930	2,179,623	2,207,398	2,210,272	8,797,223	\$	2,199,868,440	MAP Subtotal Add DSH Allotment Total BN Limit
SSI			617.55	68.74%	424.51	371,349	377,316	382,203	383,947	1,514,815		643,055,259	
											\$	2,842,923,699	
												95,369,400	
											\$	2,938,293,099	
			DY 05 PM/PM			Member Months				Federal Share Budget Neutrality Limit			
						QE 12/05	QE 3/06	QE 6/06	QE 9/06	Total	FFY 2006		
AFDC/SOBRA			393.82	69.13%	272.27	2,207,471				2,207,471	\$	601,027,867	MAP Subtotal Add DSH Allotment Total BN Limit
SSI			660.04	68.43%	451.69	385,388				385,388		174,077,716	
AFDC/SOBRA	} Post MMA Adj		392.97	69.13%	271.68		2,170,263	2,164,503	2,152,059	6,486,825		1,762,355,120	
SSI			590.02	68.43%	403.78		385,207	381,950	381,578	1,148,735		463,832,510	
												\$	
												95,369,400	
											\$	3,096,662,613	

**Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended December 31, 2007**

I. CALCULATION OF BUDGET NEUTRALITY LIMIT BY DEMONSTRATION YEAR (WITHOUT WAIVER CEILING FEDERAL SHARE)

WAIVER PERIOD OCTOBER 1, 2006 THROUGH SEPTEMBER 30, 2011:

	FFY 2006 PM/PM	Trend Rate	DY 06 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit FFY 2007	
						QE 12/06	QE 3/07	QE 6/07	QE 9/07			
AFDC/SOBRA	392.97	1.072	421.27	68.79%	289.77	2,149,977	2,143,409	2,170,147	2,215,001	8,678,534	\$ 2,514,790,649	
SSI	590.02	1.072	632.50	68.10%	430.72	381,258	381,118	383,782	384,097	1,530,255	659,109,600	
ALTCS-DD		1.072	3516.33	66.58%	2341.16	55,523	56,322	57,269	58,218	227,332	532,219,826	
ALTCS-EPD		1.072	3409.91	66.62%	2271.83	74,601	74,204	74,616	75,644	299,065	679,425,776	
											\$ 4,385,545,850	MAP Subtotal
											95,369,400	Add DSH Allotment
											<u>\$ 4,480,915,250</u>	Total BN Limit

	DY 07 PM/PM	Effective FMAP	Federal Share PM/PM	Member Months				Total	Federal Share Budget Neutrality Limit FFY 2008	
				QE 12/07	QE 3/08	QE 6/08	QE 9/08			
AFDC/SOBRA	451.60	67.93%	306.79	2,243,775				2,243,775	688,364,497	
SSI	678.04	67.36%	456.75	382,946				382,946	174,912,261	
ALTCS-DD	3769.51	66.28%	2498.32	58,992				58,992	147,380,962	
ALTCS-EPD	3655.42	66.29%	2423.27	75,964				75,964	184,081,227	
									\$ 1,194,738,947	MAP Subtotal
									95,369,400	Add DSH Allotment
									<u>\$ 1,290,108,347</u>	Total BN Limit

Based on CMS-64 certification date of 1/30/08

**Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended December 31, 2007**

II. WAIVER COSTS AND VARIANCE FROM BUDGET NEUTRALITY LIMIT - BY QUARTER, BY DATE OF PAYMENT

Budget Neutrality Limit - Federal Share				Expenditures from CMS-64, Schedule B - Federal Share																							
WAIVER PERIOD APRIL 1, 2001 THROUGH SEPTEMBER 30, 2006:																											
	MAP		DSH		Total	AFDC/SOBRA		SSI		AC/MED		DSH		Total	VARIANCE												
QE 6/01	\$	284,414,128	\$	-	\$ 284,414,128	\$	141,986,847	\$	59,681,038	\$	31,346,872	\$	-	\$	-	\$	-	\$	-	\$	-	\$	49,741,851	\$	294,745,993	\$	(10,331,865)
QE 9/01		310,267,886		75,946,612	386,214,498		190,394,084		89,174,119		35,440,263		-		-		-		-		-		9,964,155		319,071,317		67,143,181
QE 12/01		364,115,883		-	364,115,883		212,600,041		91,278,326		54,069,757		-		-		-		-		-		-		357,948,124		6,167,759
QE 3/02		383,214,302		-	383,214,302		279,700,520		129,324,172		69,531,395		-		-		-		-		-		(59,706,006)		412,762,000		(29,547,698)
QE 6/02		398,452,200		-	398,452,200		251,569,392		119,396,617		69,516,073		-		-		-		-		-		-		440,482,082		(42,029,882)
QE 9/02		417,356,792		86,014,710	503,371,502		254,526,472		100,795,403		72,123,681		-		-		-		-		-		-		427,445,556		75,925,946
QE 12/02		497,267,790		-	497,267,790		283,042,237		112,605,459		81,611,127		-		-		-		-		-		-		477,258,823		20,008,967
QE 3/03		514,871,823		-	514,871,823		307,833,501		124,015,853		83,135,076		-		-		-		-		-		-		514,984,430		(112,607)
QE 6/03		538,092,974		-	538,092,974		335,897,265		153,636,989		103,921,589		-		-		-		-		-		-		593,455,843		(55,362,869)
QE 9/03		560,083,919		82,215,000	642,298,919		326,904,740		130,779,492		99,910,965		-		-		-		-		-		-		557,595,197		84,703,722
QE 12/03		619,427,272		-	619,427,272		342,194,130		141,669,588		117,472,377		-		-		-		-		-		-		601,336,095		18,091,177
QE 3/04		615,246,310		-	615,246,310		356,575,718		144,541,374		121,487,252		-		-		-		-		-		-		622,604,344		(7,358,034)
QE 6/04		617,680,835		-	617,680,835		378,397,587		178,126,369		119,699,074		-		-		-		-		-		-		676,223,030		(58,542,195)
QE 9/04		639,155,538		95,369,400	734,524,938		357,025,418		145,285,954		127,097,490		-		-		-		-		-		-		629,408,862		105,116,076
QE 12/04		707,764,857		-	707,764,857		374,496,706		153,711,596		134,379,346		-		-		-		-		-		-		662,587,648		45,177,209
QE 3/05		705,219,863		-	705,219,863		389,097,040		171,977,149		152,130,280		-		-		-		-		-		-		713,204,469		(7,984,606)
QE 6/05		714,239,974		-	714,239,974		400,547,496		165,585,571		167,446,873		-		-		-		-		-		-		733,579,940		(19,339,966)
QE 9/05		715,699,005		95,369,400	811,068,405		413,657,520		174,077,443		162,560,598		-		-		-		-		-		-		750,295,561		60,772,844
QE 12/05		775,105,583		-	775,105,583		404,061,498		191,370,840		160,614,226		-		-		-		-		-		-		756,046,564		19,059,019
QE 3/06		745,159,543		-	745,159,543		405,005,129		235,354,779		118,877,866		-		-		-		-		-		-		759,237,774		(14,078,231)
QE 6/06		742,279,553		-	742,279,553		411,514,299		(35,409,090)		184,960,886		-		-		-		-		-		509,691,703		800,757,798		(58,478,245)
QE 9/06		738,748,534		95,369,400	834,117,934		400,869,032		166,963,246		193,842,243		-		-		-		-		-		17,513,729		779,188,250		54,929,684
WAIVER PERIOD OCTOBER 1, 2006 THROUGH SEPTEMBER 30, 2011:																											
	MAP		DSH		Total	AFDC/SOBRA		SSI		AC/MED		ALTCS-DD	ALTCS-EPD	Family Plan	DSH/CAHP		Total	VARIANCE									
QE 12/06		1,086,685,825		-	1,086,685,825		433,715,853		176,371,015		190,249,157		124,180,959		154,103,335		-		1,078,890,771		7,795,054						
QE 3/07		1,085,690,973		-	1,085,690,973		420,960,087		175,385,343		175,652,301		128,103,178		160,067,805		265,323		15,570,598		1,076,004,635		9,686,338				
QE 6/07		1,097,739,385		-	1,097,739,385		430,645,025		181,860,134		160,414,980		109,129,722		164,184,289		267,338		63,265,880		1,109,767,368		(12,027,983)				
QE 9/07		1,115,429,668		95,369,400	1,210,799,068		451,362,225		183,298,829		206,505,026		131,045,943		172,571,072		251,682		17,380,376		1,162,415,153		48,383,915				
QE 12/07		1,194,738,947		95,369,400	1,290,108,347		441,087,082		158,955,002		172,368,837		141,711,614		179,249,253		217,152		281,350		1,093,870,290		196,238,057				
QE 3/08																											
QE 6/08																											
QE 9/08																											
QE 12/08																											
QE 3/09																											
QE 6/09																											
QE 9/09																											
QE 12/09																											
QE 3/10																											
QE 6/10																											
QE 9/10																											
QE 12/10																											
QE 3/11																											
QE 6/11																											
QE 9/11																											
		\$ 18,184,149,361	\$ 721,023,322	\$ 18,905,172,683	\$ 9,125,666,944	\$ 3,819,812,610	\$ 3,366,365,610	\$ 634,171,416	\$ 830,175,754	\$ 1,271,947	\$ 623,703,636	\$ 18,401,167,917	\$ 504,004,766														

Last Updated: 1/31/2008

**Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended December 31, 2007**

III. SUMMARY BY DEMONSTRATION YEAR AND WAIVER PERIOD

	Federal Share of Budget Neutrality Limit	Federal Share of Waiver Costs on CMS-64	Annual Variance	As % of Annual Budget Neutrality Limit	Cumulative Federal Share of Budget Neutrality Limit	Cumulative Federal Share of Waiver Costs on CMS-64	Cumulative Federal Share Variance	As % of Cumulative Budget Neutrality Limit
DY 01	\$ 2,319,782,514	\$ 2,409,771,299	\$ (89,988,785)	-3.88%				
DY 02	2,192,531,505	2,108,455,113	84,076,392	3.83%				
DY 03	2,586,879,355	2,481,179,714	105,699,641	4.09%				
DY 04	2,938,293,099	2,855,112,092	83,181,007	2.83%				
DY 05	3,096,662,613	3,137,002,969	(40,340,356)	-1.30%	\$ 13,134,149,085	\$ 12,991,521,187	\$ 142,627,898	1.09%
DY 06	4,480,915,250	4,370,287,136	110,628,114	2.47%				
DY 07	1,290,108,347	1,039,359,594	250,748,753	19.44%	5,771,023,598	5,409,646,730	361,376,868	6.26%
	<u>\$ 18,905,172,683</u>	<u>\$ 18,401,167,917</u>	<u>\$ 504,004,766</u>		<u>\$ 18,905,172,683</u>	<u>\$ 18,401,167,917</u>	<u>\$ 504,004,766</u>	2.67%

**Arizona Health Care Cost Containment System
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IV. Schedule C as Adjusted for Manual Entries and Waiver PMPM Groupings

Schedule C

Total Computable

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	525,990,165	543,525,865	622,593,386	835,131,396	1,066,000,731	1,040,087,128	251,153,384				4,884,482,055
AFDC/SOBRA	1,940,340,533	1,651,893,828	1,898,666,720	2,184,117,636	2,359,455,532	2,489,236,925	610,416,467				13,134,127,641
SSI	853,939,393	659,666,859	830,545,481	967,566,297	1,000,278,163	1,009,029,760	230,484,546				5,551,510,499
ALTCS-DD	-	-	-	-	-	746,681,241	206,759,648				953,440,889
ALTCS-EPD	-	-	-	-	-	1,001,248,957	246,030,083				1,247,279,040
Family Planning Extension	-	-	-	-	-	1,171,393	215,588				1,386,981
DSH/CAHP	-	-	-	-	-	145,177,300	-				145,177,300
Residual DSH	245,233,394	122,242,958	141,792,150	141,392,735	138,354,399	-	-				789,015,636
Total	3,565,503,485	2,977,329,510	3,493,597,737	4,128,208,064	4,564,088,825	6,432,632,704	1,545,059,716				26,706,420,041

Federal Share

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	355,005,488	385,804,258	442,324,273	576,115,897	728,593,128	709,384,655	169,137,911				3,366,365,610
AFDC/SOBRA	1,318,372,591	1,174,817,984	1,356,151,509	1,518,511,720	1,631,203,426	1,711,981,668	414,628,046				9,125,666,944
SSI	574,804,754	465,624,482	587,334,532	665,115,075	684,536,638	687,133,571	155,263,558				3,819,812,610
ALTCS-DD	-	-	-	-	-	497,137,004	137,034,412				634,171,416
ALTCS-EPD	-	-	-	-	-	667,076,420	163,099,334				830,175,754
Family Planning Extension	-	-	-	-	-	1,075,614	196,333				1,271,947
DSH/CAHP	-	-	-	-	-	96,498,204	-				96,498,204
Residual DSH	161,588,466	82,208,389	95,369,400	95,369,400	92,669,777	-	-				527,205,432
Total	2,409,771,299	2,108,455,113	2,481,179,714	2,855,112,092	3,137,002,969	4,370,287,136	1,039,359,594				18,401,167,917

Adjustments to Schedule C

Total Computable

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	-	-	-	-	-	446,293	-				446,293
AFDC/SOBRA	-	-	-	-	-	2,091,688	215,588				2,307,276
SSI	-	-	-	-	-	333,412	-				333,412
ALTCS-DD (Cost Sharing) ¹	-	-	-	-	-	-	-				-
Family Planning Extension ²	-	-	-	-	-	(1,171,393)	(215,588)				(1,386,981)
CAHP ³	-	-	-	-	-	(1,700,000)	-				(1,700,000)
Total	-	-	-	-	-	-	-				-

Federal Share

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	-	-	-	-	-	296,345	-				296,345
AFDC/SOBRA	-	-	-	-	-	1,686,713	196,333				1,883,046
SSI	-	-	-	-	-	221,399	-				221,399
ALTCS-DD (Cost Sharing) ¹	-	-	-	-	-	-	-				-
Family Planning Extension ²	-	-	-	-	-	(1,075,614)	(196,333)				(1,271,947)
CAHP ³	-	-	-	-	-	(1,128,843)	-				(1,128,843)
Total	-	-	-	-	-	-	-				-

¹ The CMS 1115 Waiver, Special Term and Condition 46,e requires that premiums collected by the State shall be reported on Form CMS-64 Summary Sheet line 9,D. The State should include these premium collections as a manual adjustment (decrease) to the Demonstration's actual expenditures on a quarterly basis.

² The Family Planning Extension (FPE) waiver expenditures are included in the AFDC/SOBRA rate development while the expenditures are required to be reported on separate Forms CMS-64.9 and CMS-64.9P Waiver. This adjustment transfers the FPE expenditures to the AFDC/SOBRA waiver category for budget neutrality comparison purposes.

³ The Critical Access Hospital Payment (CAHP) waiver expenditures are included in the AFDC/SOBRA and SSI rate development while the expenditures are required to be reported on separate Forms CMS-64.9 and CMS-64.9P Waiver. This adjustment transfers the CAHP expenditures to the AFDC/SOBRA, SSI and AC/MED waiver categories for budget neutrality comparison purposes. The CAHP expenditures are allocated to the waiver categories in the same proportion as the capitation payments made for the CAHP service period.

**Arizona Health Care Cost Containment System
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IV. Schedule C as Adjusted for Manual Entries and Waiver PMPM Groupings

Revised Schedule C

Total Computable

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	525,990,165	543,525,865	622,593,386	835,131,396	1,066,000,731	1,040,533,421	251,153,384				4,884,928,348
AFDC/SOBRA	1,940,340,533	1,651,893,828	1,898,666,720	2,184,117,636	2,359,455,532	2,491,328,613	610,632,055				13,136,434,917
SSI	853,939,393	659,666,859	830,545,481	967,566,297	1,000,278,163	1,009,363,172	230,484,546				5,551,843,911
ALTCS-DD	-	-	-	-	-	746,681,241	206,759,648				953,440,889
ALTCS-EPD	-	-	-	-	-	1,001,248,957	246,030,083				1,247,279,040
Family Planning Extension	-	-	-	-	-	-	-				-
DSH/CAHP	-	-	-	-	-	143,477,300	-				143,477,300
Residual DSH	245,233,394	122,242,958	141,792,150	141,392,735	138,354,399	-	-				789,015,636
Total	3,565,503,485	2,977,329,510	3,493,597,737	4,128,208,064	4,564,088,825	6,432,632,704	1,545,059,716				26,706,420,041

Federal Share

Waiver Name	01	02	03	04	05	06	07	08	09	10	Total
AC/MED	355,005,488	385,804,258	442,324,273	576,115,897	728,593,128	709,681,000	169,137,911				3,366,661,955
AFDC/SOBRA	1,318,372,591	1,174,817,984	1,356,151,509	1,518,511,720	1,631,203,426	1,713,668,381	414,824,379				9,127,549,990
SSI	574,804,754	465,624,482	587,334,532	665,115,075	684,536,638	687,354,970	155,263,558				3,820,034,009
ALTCS-DD	-	-	-	-	-	497,137,004	137,034,412				634,171,416
ALTCS-EPD	-	-	-	-	-	667,076,420	163,099,334				830,175,754
Family Planning Extension	-	-	-	-	-	-	-				-
DSH/CAHP	-	-	-	-	-	95,369,361	-				95,369,361
Residual DSH	161,588,466	82,208,389	95,369,400	95,369,400	92,669,777	-	-				527,205,432
Total	2,409,771,299	2,108,455,113	2,481,179,714	2,855,112,092	3,137,002,969	4,370,287,136	1,039,359,594				18,401,167,917

Calculation of Effective FMAP:

AFDC/SOBRA

Federal	1,318,372,591	1,174,817,984	1,356,151,509	1,518,511,720	1,631,203,426	1,713,668,381	414,824,379
Total	1,940,340,533	1,651,893,828	1,898,666,720	2,184,117,636	2,359,455,532	2,491,328,613	610,632,055
Effective FMAP	0.679454234	0.711194608	0.714265171	0.695251801	0.691347391	0.687853209	0.679336068

SSI

Federal	574,804,754	465,624,482	587,334,532	665,115,075	684,536,638	687,354,970	155,263,558
Total	853,939,393	659,666,859	830,545,481	967,566,297	1,000,278,163	1,009,363,172	230,484,546
Effective FMAP	0.673121253	0.705847923	0.707167212	0.687410338	0.684346278	0.680978848	0.673639776

ALTCS-DD

Federal						497,137,004	137,034,412
Total						746,681,241	206,759,648
Effective FMAP						0.665795492	0.662771548

ALTCS-EPD

Federal						667,076,420	163,099,334
Total						1,001,248,957	246,030,083
Effective FMAP						0.66624431	0.662924355

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V. Budget Neutrality Member Months and Cost Sharing Premium Collections

Budget Neutrality Member Months:	AFDC/SOBRA	SSI	ALTCS-DD	ALTCS-EPD
Quarter Ended June 30, 2001	1,174,018	266,240		
Quarter Ended September 30, 2001	1,308,865	275,430		
Quarter Ended December 31, 2001	1,435,196	284,725		
Quarter Ended March 31, 2002	1,525,585	291,397		
Quarter Ended June 30, 2002	1,595,518	297,915		
Quarter Ended September 30, 2002	1,684,928	304,553		
Quarter Ended December 31, 2002	1,774,552	310,948		
Quarter Ended March 31, 2003	1,844,492	317,976		
Quarter Ended June 30, 2003	1,939,425	325,750		
Quarter Ended September 30, 2003	2,028,542	333,552		
Quarter Ended December 31, 2003	2,041,438	343,747		
Quarter Ended March 31, 2004	2,016,903	347,603		
Quarter Ended June 30, 2004	2,015,134	354,577		
Quarter Ended September 30, 2004	2,094,682	361,456		
Quarter Ended December 31, 2004	2,199,930	371,349		
Quarter Ended March 31, 2005	2,179,623	377,316		
Quarter Ended June 30, 2005	2,207,398	382,203		
Quarter Ended September 30, 2005	2,210,272	383,947		
Quarter Ended December 31, 2005	2,207,471	385,388		
Quarter Ended March 31, 2006	2,170,263	385,207		
Quarter Ended June 30, 2006	2,164,503	381,950		
Quarter Ended September 30, 2006	2,152,059	381,578		
Quarter Ended December 31, 2006	2,149,977	381,258	55,523	74,601
Quarter Ended March 31, 2007	2,143,409	381,118	56,322	74,204
Quarter Ended June 30, 2007	2,170,147	383,782	57,269	74,616
Quarter Ended September 30, 2007	2,215,001	384,097	58,218	75,644
Quarter Ended December 31, 2007	2,243,775	382,946	58,992	75,964

Cost Sharing Premium Collections:	ALTCS Developmentally Disabled	
	Total Computable	Federal Share
Quarter Ended December 31, 2006	\$ -	\$ -
Quarter Ended March 31, 2007	-	-
Quarter Ended June 30, 2007	-	-
Quarter Ended September 30, 2007	-	-
Quarter Ended December 31, 2007	-	-

**Arizona Health Care Cost Containment System
Budget Neutrality Tracking Report
For the Period Ended December 31, 2007**

VI. Allocation of Disproportionate Share Hospital Payments

Federal Share

	<u>FFY 2001 *</u>	<u>FFY 2002</u>	<u>FFY 2003</u>	<u>FFY 2004</u>	<u>FFY 2005</u>	<u>FFY 2006</u>	<u>FFY 2007</u>	<u>FFY 2008</u>	
Total Allotment	75,946,612	86,014,710	82,215,000	95,369,400	95,369,400	95,369,400	95,369,400	95,369,400	721,023,322
Reported in QE									
Jun-01	49,741,851	-	-	-	-	-	-	-	49,741,851
Sep-01	9,964,155	-	-	-	-	-	-	-	9,964,155
Dec-01	-	-	-	-	-	-	-	-	-
Mar-02	-	31,742,730	-	-	-	-	-	-	31,742,730
Jun-02	-	25,195,280	-	-	-	-	-	-	25,195,280
Sep-02	-	-	-	-	-	-	-	-	-
Dec-02	6,706,135	6,911,991	-	-	-	-	-	-	13,618,126
Mar-03	-	-	30,321,680	-	-	-	-	-	30,321,680
Jun-03	7,391,794	10,860,127	45,641,513	-	-	-	-	-	63,893,434
Sep-03	2,142,676	70,751	6,248,559	-	-	-	-	-	8,461,986
Dec-03	-	-	-	-	-	-	-	-	-
Mar-04	-	-	-	29,594,400	-	-	-	-	29,594,400
Jun-04	-	10,760,702	-	63,177,451	-	-	-	-	73,938,153
Sep-04	-	100,274	-	2,597,548	-	-	-	-	2,697,822
Dec-04	-	-	-	-	-	-	-	-	-
Mar-05	-	-	-	-	32,038,750	-	-	-	32,038,750
Jun-05	-	-	-	-	46,343,073	-	-	-	46,343,073
Sep-05	-	-	-	-	16,987,577	-	-	-	16,987,577
Dec-05	-	-	-	-	-	-	-	-	-
Mar-06	-	-	-	-	-	34,829,600	-	-	34,829,600
Jun-06	-	-	(3,363)	-	-	40,326,448	-	-	40,323,085
Sep-06	-	-	-	-	-	17,513,729	-	-	17,513,729
Dec-06	-	-	-	-	-	-	-	-	-
Mar-07	-	-	-	-	-	-	15,288,100	-	15,288,100
Jun-07	-	-	-	-	-	-	62,700,885	-	62,700,885
Sep-07	-	-	-	-	-	-	17,380,376	-	17,380,376
Dec-07	-	-	-	-	-	-	-	-	-
Mar-08	-	-	-	-	-	-	-	-	-
Jun-08	-	-	-	-	-	-	-	-	-
Sep-08	-	-	-	-	-	-	-	-	-
Total Reported to Date	75,946,611	85,641,855	82,208,389	95,369,399	95,369,400	92,669,777	95,369,361	-	622,574,792
Unused Allotment	1	372,855	6,611	1	-	2,699,623	39	95,369,400	98,448,530

* Total Allotment FFY 2001 83,835,000
 Reported in QE 3/31/01 7,888,388
 Balance of Allotment
 Limit Calculation 75,946,612



Arizona Health Care Cost Containment System

Attachment II to the
Section 1115 Quarterly Report

Quality Assurance/Monitoring Activity

Demonstration/Quarter Reporting Period

Demonstration Year: 25

Federal Fiscal Quarter: 1/2008 (10/07 – 12/07)

*Prepared by the Division of Health Care Management
February 2008*

INTRODUCTION

This report describes Quality Assurance/Monitoring Activities of AHCCCS during the quarter, as required in STC 26 of the State's Section 1115 Waiver. The report also includes updates on implementation of the AHCCCS Quality Assessment and Performance Improvement Strategy, in accordance with Balanced Budget Act (BBA) requirements.

The AHCCCS Division of Health Care Management (DHCM) is responsible for directly overseeing the quality of health care services provided to members enrolled with managed care organizations (also known as Contractors), as well as the administrative and financial functions of these contracted health plans. The Division works collaboratively and in conjunction with other AHCCCS divisions and external organizations to fulfill the AHCCCS mission of: Reaching across Arizona to provide comprehensive, quality health care for those in need.

The following sections provide an update on the State's progress and activities under each of the components of the AHCCCS Quality Strategy.

QUALITY ASSESSMENT ACTIVITIES

Receiving stakeholder input

The success of AHCCCS can be attributed, in part, to concerted efforts by the Agency to foster partnerships with its sister agencies, Contractors, providers, and the community. During the quarter, AHCCCS continued these ongoing collaborations to improve the delivery of health services to Medicaid recipients and KidsCare members, including those with special needs, and to facilitate networking to address common issues and solve problems. Feedback obtained from sister agencies, providers and community organizations also is included in the agency's process for identifying priority areas for quality improvement and development of new initiatives.

Arizona Department of Economic Security (DES) Division of Developmental Disabilities

Periodic meetings covering quality improvement topics continue between AHCCCS and the Arizona Department of Economic Security Division of Developmental Disabilities (DES/DDD). AHCCCS also is providing ongoing technical assistance to DDD to improve its performance measure rates.

Arizona Department of Health Services (ADHS) Children's Rehabilitative Services

DHCM continues to work with AHCCCS Contractors and the Children's Rehabilitative Services (CRS) program to address issues such as data sharing, provider education, timely referral and care coordination for children with special health care needs. CRS is currently under a Notice to Cure for issues related to how it handles quality of care concerns and delegated functions. AHCCCS is holding ongoing meetings with CRS Administration to monitor progress of corrective actions related to the Notice to Cure, as well as its Network Development Plan and CYE 2005 and 2006 OFRs. Implementation of CAP activities was evaluated in the CRSA CYE 2007 Operational and Financial Review (OFR) conducted in March 2007. AHCCCS has communicated the need to meet all Medicaid Managed Care, contractual and regulatory requirements as soon as possible. Updates on CRSA's progress are included in a separate attachment.

Arizona Department of Health Services Immunization Program

Ongoing collaboration with the Arizona Department of Health Services (ADHS) helps ensure efficient and effective administration and oversight of the federal Vaccines for Children (VFC) Program. This includes closely monitoring vaccine supplies and ensuring that Contractors have up-to-date information on availability of these vaccines, as well as assisting Contractors and providers as necessary to ensure that members are immunized. In addition, when ADHS takes actions regarding VFC providers (e.g., placing a provider on probation for failing to comply with vaccine management requirements), AHCCCS works with Contractors to ensure that members assigned to that provider continue to receive necessary immunizations.

In October, Arizona VFC staff gave vaccine and program updates at the quarterly Quality Management/Maternal and Child Health meeting with Acute-care Contractors. In addition, AHCCCS is working with Contractors and staff of the Arizona State Immunization Information System (ASIIS) to improve reporting by primary care practitioners to the state's immunization registry, which is operated by ADHS; this activity is discussed under Performance Improvement Projects.

Also during the quarter, AHCCCS convened a work group between ADHS, The Arizona Partnership for Immunization (TAPI), the Pinal County Health Department, and the two acute-care Contractors that serve Pinal County to improve rates of childhood immunization in the county, which are among the lowest in the state. The group reviewed data from AHCCCS and ADHS, and identified barriers and resources to address some of the reasons for low rates of vaccination. One of the barriers identified was a need for education among provider offices in immunization requirements, use of the ASIIS registry, and strategies for office staff to reassure parents about immunization and encourage return visits, in order to bring patients up to date on their vaccinations. An evening learning session for provider offices was held in November in Pinal County, with 43 people attending, including representatives of 13 provider offices, plus staff from AHCCCS, contracted health plans and two county health departments. Most of those attending from provider offices found the training useful and noted ways in which immunization delivery could be improved in their practices. Another training is planned for the spring of 2008.

Arizona Department of Health Services Office of Environmental Health

Ongoing collaboration with ADHS supports efforts to eliminate childhood lead poisoning in Arizona. The ADHS Office of Environmental Health (OEH) notifies MCH staff in the CQM unit when AHCCCS members have laboratory tests indicating elevated blood-lead levels. CQM then notifies the appropriate Contractor with this information for timely follow up and coordination of care. In addition, AHCCCS and several Contractors participate in the Arizona Childhood Lead Poisoning Elimination Coalition. This coalition is working on strategies to increase testing of children who are enrolled in AHCCCS or who live in areas with the highest risk of lead poisoning due to the prevalence of older housing, industries that use/produce lead, and the use of lead-containing pottery or folk medicines. During the quarter, AHCCCS notified Contractors of members identified through OEH as having elevated blood lead levels.

Arizona Department of Health Services Office of Nutrition and Chronic Disease Prevention

In response to the Governor's Call to Action on Childhood Obesity, AHCCCS is working with the ADHS Office of Nutrition, which has the lead on this statewide initiative. AHCCCS adapted the Chronic Care Model for planning and development of a comprehensive approach to reduce or prevent childhood obesity. Components include medical guidelines for better screening and treatment of children who are or are at risk of becoming obese and implementation of data systems to evaluate outcomes.

A representative of the Women, Infants and Children Supplemental Nutrition Program also gave updates to contractor representatives at the quarterly Quality Management/Maternal and Child Health meeting.

In addition, AHCCCS is collaborating with ADHS regarding tobacco education/prevention initiatives. AHCCCS and ADHS have developed a work plan to work collaboratively with AHCCCS health plans to increase awareness of public health smoking cessation programs. Member outreach, such as the CYE 2008 member handbooks and fall member and provider newsletters contain information on how members may access smoking cessation programs through ADHS.

Arizona Early Intervention Program

The Arizona Early Intervention Program (AzEIP), Arizona's IDEA Part C program, is administered by DES. MCH staff in the CQM unit continues working with AzEIP to facilitate early intervention services for children under 3 years of age who are enrolled with AHCCCS Contractors. During the quarter, AHCCCS CQM/MCH staff attended meetings of the AzEIP State Interagency Team and the Interagency Coordinating Council. Also during the quarter, AHCCCS and AzEIP representatives continued work on a major initiative to create a more "seamless" system of providing early intervention services to AHCCCS-enrolled children, which utilizes AzEIP's expertise in this area, but ensures that AHCCCS or AHCCCS Contractors coordinate care and pay for all medically necessary services covered under Medicaid. AzEIP and AHCCCS MCH staff work together to ensure early intervention services are provided without delay and covered by the appropriate state agency.

Meetings between AHCCCS, AzEIP, and AHCCCS health plans continue to ensure issues are addressed in a timely manner and communication remains open. AzEIP is undergoing changes to improve access to timely services through their program. AHCCCS is collaborating with the AzEIP program in this redesign process.

Arizona Medical Association and American Academy of Pediatrics

AHCCCS collaborates with the Arizona Medical Association (ArMA) and the Arizona chapter of the American Academy of Pediatrics (AAP) in a number of ways. The AAP has been instrumental in the implementation of the Parental Evaluation of Developmental Status (PEDS). Online training via the AAP website is available to physicians who wish to use the tool, as well as dates and times for training sessions. During the quarter, CQM staff attended ArMA Maternal and Child Health Committee and Adolescent Health Subcommittee meetings.

The Arizona Partnership for Immunization

CQM staff attended The Arizona Partnership for Immunization (TAPI) Steering Committee and adult immunization subcommittee meetings during the quarter. AHCCCS Contractors also are members of TAPI. As noted above, TAPI is part of the collaborative effort to improve low childhood immunization rates in Pinal County; it facilitated the training session in November.

Baby Arizona

CQM staff coordinates this streamlined eligibility process to ensure Medicaid-eligible women have access to early prenatal care. A network of community-based organizations continues to support the project by informing women of this avenue to service and referring them to care. Training sessions for provider offices that assist women in applying for AHCCCS were held during the quarter, and CQM continues to support provider participation in the project and keep the referral list of participating providers up to date. During the quarter, AHCCCS and DES began developing on-line training for physician office staff to ensure that they are up to date in the process and understand the program's goals.

AHCCCS also has initiated the development of a stand-alone website for Baby Arizona that will allow the three state agencies collaborating on the project — AHCCCS, DES and ADHS — the opportunity to update participating provider lists. The website will link to all agency websites in order to reach more potential members.

Contractor Meetings

The Division of Health Care Management hosted a Quality Management/Maternal and Child Health meeting with Contractors on Oct. 11, 2007. This meeting offers an opportunity to provide new information and resources to Contractors to improve the delivery and coordination of services to members, as well as solicit feedback from health plan staff. Updates and information covered during the quarterly meeting included the following topics: Vaccines for Children program; the Arizona State Immunization Information System; the Women, Infants and Children Supplemental Nutrition Program, AHCCCS updates on QM and EPSDT/Adult Health quarterly monitoring reports that are required of Contractors, organizational credentialing, and Performance Measures and Performance Improvement Projects.

On Oct. 17, the Division of Health Care Management hosted an ALTCS Program Contractor Administrators Meeting. Quality-related topics were: the Arizona Health and disability Project, updates to the agency's Quality Strategy, and program/service updates, including spouses as paid caregivers, community reintegration (transitional services), adult dental services and self-directed attendant care.

On Oct. 19, the Division of Health Care Management hosted an Acute-care Administrators Meeting. Quality-related topics included an agency health information update, overview of results for acute-care Performance Measures, KidsCare outreach, updates to the agency's Quality Strategy, Prescription Drug Plan changes, and an update on the recent CMS site visit regarding care coordination between the acute-care and Behavioral Health System programs.

Healthy Mothers, Healthy Babies

CQM staff participates in the Maricopa County Healthy Mothers, Healthy Babies (HM,HB) Coalition, as well as a related project in the Maryvale area of west-central Phoenix, designed to promote early prenatal care and good birth outcomes. CQM staff are working with the state HMHB organization to assist in educating communities about AHCCCS-covered services for women and children and the Baby Arizona process for AHCCCS application and initiation of prenatal care. CQM staff also attended monthly coalition meetings during the quarter.

Work Group for Members who are Seriously Mentally Ill and have Medical Complexities

The purpose of this workgroup is to identify and meet the needs of members who have psychiatric conditions that inhibit their ability to manage their medical conditions/needs, subsequently creating a barrier to their successfully residing in the community. The workgroup consists of representatives of AHCCCS, Arizona Department of Health Services/Division of Behavioral Health Services (ADHS/DBHS), various Regional Behavioral Health Authorities (RBHAs) and AHCCCS health plans. The group is currently focusing on a small but complex population of members with stable psychiatric disorders who need medical intervention due to their diabetes and refusal to self medicate. This has resulted in collaborative meetings with DBHS and providers to work together to come up with a solution that will allow these members to live in the community and not at a higher level of care.

Developing and assessing the quality and appropriateness of care/services for members

AHCCCS develops measures and assesses the quality and appropriateness of care/services for its members, including those with special health care needs, using a variety of processes.

- **Identifying priority areas for improvement**

AHCCCS has identified potential new performance measures for the ALTCS program, which include Pressure Ulcers (with rates for high- and low-risk members determined overall and by Contractor) and Influenza Vaccination (including measurement of refusal rates). DHCM staff is working on methodologies for review and approval by AHCCCS Administration.

Also during the quarter, DHCM staff continued working on new Performance Improvement Projects to include all Acute-care and ALTCS Contractors. A PIP on asthma management is being implemented for Acute-care health plans and a PIP on Advance Directives is being implemented for ALTCS Contractors. Contractors reviewed methodologies for both projects and provided input.

Briefly, these projects will entail the following:

- ***Appropriate Use of Medications for People with Asthma.*** This PIP utilizes HEDIS 2006 specifications for the baseline measurement. In addition, AHCCCS anticipates analyzing emergency room and hospital inpatient utilization to help evaluate the effectiveness of this PIP. Data for the baseline measurement were collected during the quarter from enrollment records and encounters through the AHCCCS Data Decision Support (ADDS) system. In the next quarter, baseline data will be shared with participating Contractors, along with resources to assist them in developing and implementing PIP interventions.

- ***Completion of Advance Directives.*** This PIP is intended to increase the proportion of long-term care members who have advance directives documented in medical charts. This also may include documentation of an advance directive with an Arizona registry that is maintained by the Secretary of State. During the quarter, DHCM selected a sample population and began preparing data-collection tools for the baseline measurement. In the next quarter, participating Contractors will collect baseline data from medical records and AHCCCS expects to provide educational resources to Contractors to assist them in improving member and provider education regarding advance directives, as well as medical-record documentation of such directives.

- Establishing realistic outcome-based performance measures

The new ALTCS Performance Measures will be incorporated into contracts effective Oct. 1, 2008. After soliciting Contractor input and internal review and approval, DHCM will identify minimum standards and goals by which Contractor performance will be measured. To the extent possible, these minimum standards and goals will be based on national and/or state objectives and other benchmarks if applicable.

Identifying, collecting and assessing relevant data

During the quarter, DHCM reported results for the ALTCS Performance Measures of Diabetes Care. These measures utilize HEDIS methodology for three indicators from the Comprehensive Diabetes Care measure set: hemoglobin A1c (Hb A1c) testing, lipid screening and eye exams. The measurement period for this study was October 1, 2005, through September 30, 2006.

Rates improved in two of the three measures, Hb A1c Testing and Lipid Screening, and exceeded HEDIS national means for Medicaid health plans. The AHCCCS rate for retinal exams declined somewhat, but was well above the national Medicaid mean and also exceeded the HEDIS commercial mean. One Contractor is implementing a CAP for one of the measures to improve performance to meet the AHCCCS Minimum Performance Standard.

Also during the quarter, DHCM reported rates of access to care and use of preventive services based on Health Plan Effectiveness and Data Information Set (HEDIS) methodology, based on the measurement period of CYE 2006. Medicaid and KidsCare rates for each of the child and adolescent measures were calculated separately. Results include the following:

- ***Annual Dental Visits*** – Rates for both Medicaid and KidsCare members increased over the previous year, and are well above the national Medicaid mean (NCQA does not report commercial health plan rates for this measure).
- ***Well-Child Visits in the First 15 Months of Life*** – Rates for both Medicaid and KidsCare members increased from the previous year. Both rates also are above the comparable national Medicaid and commercial managed care means reported by NCQA.
- ***Well-Child Visits in the Third, Fourth, Fifth and Sixth Years of Life*** – The overall rate for Medicaid members was unchanged from the previous year, and the rate for KidsCare members declined.
- ***Adolescent Well-Care Visits*** – Rates for both Medicaid and KidsCare members did not show statistically significant changes from the previous year. However, the rate for KidsCare members exceeds the HEDIS commercial mean.

- *Children's and Adolescents' Access to PCPs* – Rates for Medicaid-eligible members decreased slightly in each of the four age groups as a result of programming revisions to conform to HEDIS methodology. For KidsCare members, rates for all age groups also declined somewhat.
- *Adults' Access to Preventive/Ambulatory Health Services* – The overall rate for one age group, 45 to 64 years, showed a statistically significant increase from the previous measurement, while the rate for the age group of 20 to 44 years was unchanged. Rates for both age groups exceed the most recent national Medicaid means reported by NCQA.

Rates for the child and adolescent measures also were reported for DES/DDD. Overall performance for DDD was mostly unchanged from the previous year, as rates for five measures showed no statistically significant changes, while one rate increased. The Division met its Minimum Performance Standard for three of seven measures.

- Providing incentives for excellence and imposing sanctions for poor performance

A DHCM team reviewed the most recent results of the Acute-care Contractor Performance Measures and analyzed historical trends in Contractor performance. During the previous quarter, Contractors were issued Notices to Cure or Letters of Concern, and were advised of sanctions they would face if they do not meet Minimum Performance Standards for the measurement periods consisting of CYE 2007 and CYE 2008 (to be reported in CYE 2008 and 2009, respectively). Contractors were required to develop Corrective Actions Plans to bring their performance up to the AHCCCS minimum standards or evaluate each activity under CAPs currently in place to determine their effectiveness. Contractors also were required to identify whether they will continue activities or implement new interventions to improve performance. During the quarter, AHCCCS provided technical assistance to several Contractors to help them improve their ability to effectively monitor their performance from internal data and reinforced strategies to improve rates for these measures.

Also during the quarter, AHCCCS required CAPs from three ALTCS Contractors for measures for which they did not meet AHCCCS Minimum Performance Standards. As CAPs are viewed by Contractors as a negative regulatory action, there is some incentive in achieving rates in order to avoid this requirement.

The Agency also is participating in initiatives led by the Agency for Healthcare Research and Quality (AHRQ) and the Center for Health Care Strategies (CHCS), which are exploring innovative ways to reward quality. The AHCCCS Chief Medical Officer and the CQM Administrator are participating in the AHRQ initiative, which is focusing on collaborative opportunities to develop quality-based pay-for-performance programs. Working with other states and employers in Community Purchasing Groups, AHCCCS is participating in the development of a pay-for-performance program that rewards evidence-based care resulting in quality outcomes to members, and discourages negative outcomes. AHCCCS is working with medical associations in the state to seek input in the development process. Work has been completed, using the AHCCCS Data Decision Support System (ADDS), the Agency's data warehouse, to identify target populations.

This work dovetails with the CHCS initiative regarding Return on Investment. A team comprised of the AHCCCS Chief Medical Officer and CQM Administrator, as well as the Medical Management Manager and a Manager in the Data Analysis and Research Unit, are involved in this project. This should ensure subject-specific data that can be utilized to request legislative funding for the Pay for Performance Program.

- Sharing best practices

AHCCCS regularly shares best practices with and provides technical assistance to its Contractors. In addition, Contractors are encouraged to share evidence-based best practices with each other and their providers. An example of this is the sharing of successful interventions during AHCCCS Contractor quality management meetings. As previously mentioned, the October 2007 meeting included topics such as the Women Infants and Children (WIC) program, an updates on the federal VFC program and utilizing the Arizona Immunization Information System (ASIIS) electronic registry.

During the quarter, AHCCCS continued facilitating a targeted effort to improve childhood immunization rates in Pinal County. Based on data from AHCCCS and other assessments, this area is one that could benefit greatly from provider and community education in best practices to improve childhood immunization rates. As previously described, a collaborative effort between AHCCCS, contracted health plans, the ADHS Office of Immunization, The Arizona Partnership for Immunization and the Pinal County Health Department facilitated a learning session among provider offices and other health-related organizations to share strategies and best practices to improve delivery of immunizations and keep children up to date.

The CQM Unit also regularly monitors sources for evidence-based tools to improve member access to and utilization of health services, such as the AHRQ Quality Tools website and resources from Health Services Advisory Group, a federally contracted quality improvement organization. CQM provides appropriate resources and tools to Contractors.

Including medical quality assessment and performance improvement requirements in the AHCCCS contracts

Contracts with health plans are reviewed to ensure that they include all federally required elements prior to renewal. During the quarter, DHCM continued working on recommendations to be incorporated into Acute-care contracts in the future, in order to incentivize improvement and/or discourage poor performance. Strategies to drive improvement may take the form of raising minimum performance standards, requiring Contractors to dedicate additional resources and/or staff with specific qualifications to quality/performance improvement efforts, or including a contractual requirement to allow AHCCCS to direct Contractors to implement specific evidence-based interventions when necessary.

Regular monitoring and evaluating of Contractor compliance and performance

AHCCCS monitors and evaluates access to care, organizational structure and operations, clinical and non-clinical quality measurement and performance improvement outcomes through the following methods.

Annual on-site Operational and Financial Reviews (OFRs)

During annual on-site reviews, AHCCCS conducts a review of each Contractor's compliance related to development and implementation of policies, performance related to quality measures, progress toward applicable plans of correction in place to improve quality of care, and service outcomes for members. During the previous quarter, AHCCCS completed its annual OFR cycle and there were no reviews during this quarter:

AHCCCS has required corrective action plans for all standards for which the Contractor did not fully meet contract and BBA requirements. These plans have been received and reviewed by AHCCCS, which accepts the CAP or requires revisions in order to meet these requirements.

- Review and analysis of periodic reports

A number of contract deliverables are used to monitor and evaluate Contractor compliance and performance. AHCCCS reviews these reports, provides feedback and approves them as appropriate.

- o **Annual Quality Management/Performance Improvement Plans.** AHCCCS ensures that each Contractor has an ongoing quality assessment and performance improvement program for the services it furnishes to its members, consistent with BBA regulations. Annually, Contractors submit their annual Quality Management/Performance Improvement (QM/PI) Plans and Evaluations of the previous year's activities, Utilization Management (UM) Plans and Evaluations, Performance Improvement Project (PIP) proposals and reports, annual Maternity Care Plans, annual EPSDT/Dental Plans, and related Work Plans. CQM coordinates this review with other units in the division. Contractors submitted their annual plans and PIP reports during the quarter and DHCM teams began reviewing them. Responses from AHCCCS either approving the plans/reports or making recommendations for revisions will be sent to Contractors in the next quarter.
- o **Quarterly EPSDT/Oral Health Progress Reports.** AHCCCS requires Acute and ALTCS Contractors to submit quarterly reports demonstrating their efforts to inform families/caregivers of EPSDT services and ensure that members receive these services according to the AHCCCS Periodicity Schedule. AHCCCS has developed a template for Contractors to report data on member and provider outreach, as well as Contractor rates for various services, such as blood-lead and tuberculosis screening, PCP oral exams, and referrals. The template prompts Contractors to evaluate the effectiveness of activities, including care coordination, follow up and new or revised interventions to improve quality and access to care. The template also provides a vehicle for Contractors to report the results of their internal monitoring of contractual Performance Measures on a quarterly basis.

The report template was piloted during CYE 2007. In 2008, AHCCCS began requiring all Contractors to use the reporting format. In early October, AHCCCS provided training to Contractors on correctly completing the report template.

- o **Quarterly Quality Management Reports.** Contractors submit reports on Quality of Care (QOC) concerns received and the disposition of those concerns (e.g., whether or not they were substantiated). The concerns also are reported by category, such as availability/accessibility/adequacy, effectiveness/appropriateness of care, member rights and non-quality issues, to identify trends. Contractors also report the types of actions taken to resolve concerns. AHCCCS also has provided training to Contractors on correctly using this report template.

- Review and analysis of program-specific Performance Measures and Performance Improvement Projects

AHCCCS considers a Performance Improvement Project (PIP) as a planned process of data gathering, evaluation, and analysis to determine interventions or activities that are anticipated to have a positive outcome. PIPs are designed to improve the quality of care and service delivery and usually last at least four years. While Contractors may select and implement their own PIPs to address problems specific to their plans, AHCCCS mandates other program-wide PIPs in which Contractors must participate, and monitors performance until each health plan meet requirements for demonstrable and sustained improvement.

Another method by which AHCCCS monitors the quality and appropriateness of care provided to members is through Performance Measures. Contractors submit encounter data to AHCCCS, which measures each plan's performance and evaluates its compliance in meeting contractual performance standards for specific health care services. Under their contracts with AHCCCS, Contractors are required to improve their rates for Performance Measures and achieve specific goals for each. AHCCCS requires corrective action plans from Contractors that do not meet the Minimum Performance Standard, or that show a statistically significant decline in their rates. The following summarizes the status of current AHCCCS PIPs and Performance Measures during the quarter.

- o Performance Improvement Projects

Childhood Immunization Performance Improvement Project (Acute-care Contractors and the Division of Developmental Disabilities)

Working with Contractors, AHCCCS has been focusing additional efforts on improving 2-year-old immunization rates over the last few years. An assessment of immunization levels completed in early 2004 was being utilized as the baseline measurement for this PIP. Since Contractors had already implemented corrective actions to improve childhood immunization rates, the first remeasurement of performance for this PIP was conducted in late 2004. AHCCCS retained Health Services Advisory Group (HSAG), a Quality Improvement Organization, to conduct the remeasurement, which showed significant overall improvement in immunization rates.

During the second remeasurement of performance, all but three Contractors sustained improvement or achieved a benchmark rate for the five-antigen vaccination series. The other three Contractors have continued the PIP. Data collection for a third remeasurement was conducted during the quarter.

Management of Comorbidities Performance Improvement Project (ALTCS Contractors)

The purpose of this project is to help prevent the onset of additional comorbid diseases and/or reduce the effects of coexisting diseases by improving case management and care coordination services for ALTCS members. It focuses specifically on members in home- and community-based settings, in order to improve the likelihood that these members may remain in the HCBS program and avoid institutionalization longer. A parallel component of this PIP will test activities to improve coordination of care of dual-eligible (DE) members. This group will be evaluated to see what effect care coordination with Medicare Advantage health plans and their providers had on outcomes. Some ALTCS Contractors also have Special Needs Plans (SNPs), others are coordinating with SNPs and Medicare Advantage Plans to improve care of these members.

During the quarter, DHCM reported results of the first remeasurement to ALTCS Contractors and received their reports on interventions implemented under this PIP. A full report will be issued by AHCCCS after a second remeasurement for this longitudinal study is completed.

Physician Reporting to the Arizona Statewide Immunization Information System (ASIIS)

This project was implemented in CYE 2005, and is designed to increase the number of primary care practitioners contracted with AHCCCS acute-care health plans who report vaccination data to ASIIS, and to increase the total number of reported vaccinations administered to AHCCCS members. AHCCCS has reported to each Contractor its baseline rate of PCPs who are reporting immunizations within 30 days of administering vaccinations and interventions have been under way since CYE 2006. During the quarter, AHCCCS reported results of the first remeasurement to Contractors. Rates of provider sites reporting vaccinations within 30 days increased significantly among all health plans, with a median of 86.4 percent, compared with a median of 74.2 percent in the baseline measurement.

Behavioral Health PIPs

AHCCCS continues to work with the ADHS Division of Behavioral Health Services (DBHS) staff to refine their PIPs, in order to make them more focused on outcomes that demonstrate an increase in member satisfaction and/or member care. One of the DBHS PIPs is focused on assessments of children from birth through 5 years of age, and is designed to capture additional data on this population in order to develop more comprehensive assessment plans and improve positive outcomes, possibly avoiding further involvement in the mental health system. The other PIP addresses Child and Family Teams (CFTs), to better ensure fidelity to the CFT process, which has been associated with improved functional and health outcomes.

- o Performance Measures

As previously noted, results for several Acute-care and ALTCS Performance Measures were reported during the quarter. AHCCCS required Corrective Action Plans from Contractors for measures for which they did not meet Minimum Performance Standards. Most of the plans were received and being reviewed during the quarter.

Maintaining an information system that supports initial and ongoing operations and review of the established Quality Strategy

The AHCCCS Data Decision Support (ADDs) system provides greater flexibility and timeliness in monitoring a broad spectrum of data, including information that supports ongoing operations and review of quality management and performance improvement activities. Enhancements have been made to the ADDs function that generates Performance Measure data. The system will be used to support performance monitoring, as well as provide data through specific queries to guide new quality initiatives.

In addition, AHCCCS has an ongoing process of reviewing and updating its programming for collecting and analyzing Performance Measures according to HEDIS specifications through the ADDs data warehouse. Measures are validated against historical data, as well as individual recipient and service records in PMMIS, to ensure accuracy and reliability of data.

Reviewing, revising and beginning new projects in any given area of the Quality Strategy

Review and revision of the components of the Quality Strategy is an ongoing process for AHCCCS. During the quarter, AHCCCS completed a thorough review and revision of the Agency's Quality Strategy, utilizing the CMS Medicaid Quality Strategy Toolkit, to ensure that all required components are addressed and that the document is up to date.

The revised draft of the document was distributed to the State Medicaid Advisory Committee (SMAC) for comment, and was subsequently discussed at a SMAC meeting during the following quarter. This process will result in a revised Quality Strategy that aligns with Medicaid Managed Care requirements and links to other significant documents, including annual External Quality Review reports, the AHCCCS Five Year Strategic Plan, AHCCCS E-Health Initiative, managed care contracts and reports by the Agency. The final product, which also has been presented to Contractors, offers users a more complete view of quality initiatives throughout the Agency and provides updates on activities and progress since the Quality Strategy was developed in 2003.